

UNNUMBERED LETTERS ISSUED FOR THE MONTH OF JANUARY 2006

Dated	Subject	Distribution
01/09/06	Intermediary Relending Program First Quarter Funding	S/D
	Rural Economic Development Loan and Grant Program Projects Funded for First Quarter Fiscal Year 2006	S/D
01/10/06	Travel Teleconferences	S/D & N.O.O
01/13/05	Interest Rate Changes for Housing Programs and Credit Sales (Nonprogram)	S/D, RDM & AD
01/17/06	Issue Reporting Form for FedTraveler.com	
01/20/06	Additional Instructions on New Marketing and Brand Strategy	S/D & N.O.O.
01/23/06	Acting State Director in New Mexico	N.O.O & S/D
01/24/06	Acting State Director in New York	N.O.O & S/D
01/25/06	Continuation of Hiring Freeze	N.O.O
01/26/06	Integrated Acquisition System Training	S/D
01/27/06	Implementation of Mandatory Use of the Management Agent Interactive Network Connection (MINC) System	S/D
1/31/06	Rural Economic Development Loan and Grant Program Authority for State Offices	S/D

January 9, 2006

SUBJECT: Intermediary Relending Program
First Quarter Funding

TO: State Directors, Rural Development

ATTN: Business Programs Directors

The fiscal year (FY) 2006 first quarter funding selections for the Intermediary Relending Program (IRP) non-earmarked funds are listed below for your information. The priority points for each project are inclusive of any Administrator points that were awarded. The selections are as follows:

State	Project Name	Amount	Priority Points
SD	West River Foundation	\$ 750,000	176
VT	Vermont Community Loan Fund, Inc.	\$ 500,000	158
SD	Southeastern Development Foundation	\$ 500,000	155
NC	Advancement, Inc.	\$ 750,000	151
MT	Great Northern Development Corporation	\$ 500,000	145
WV	Wyoming County Economic Development Authority	\$ 660,000	144
VA	Mt. Rogers Planning District Commission	\$ 500,000	140
PA	Altoona-Blair County Development Corporation	\$ 750,000	136
IA	O'Brien County Economic Development Corporation	\$ 500,000	135
MN	Benton County	\$ 250,000	123
VT	Vermont Small Business Development Corporation	\$ 750,000	114
TX	Hidalgo Economic Development Corporation	\$ 750,000	110
NY	Tioga County Local Development Corporation	\$ 300,000	110
CA	State Assistance Fund for Enterprise, Business and Industrial Development Corporation	\$ 500,000	105
Total		\$7,960,000	

EXPIRATION DATE:
September 30, 2006

FILING INSTRUCTIONS:
Community/Business Programs

A total of \$20,126,524 is available for the IRP unrestricted reserve for FY 2006. Forty percent of the unrestricted reserve was available to fund these projects.

Please provide appropriate notification to applicants that did not receive an allocation. Applications that have been considered for an allocation of funds in four quarterly funding cycles will receive no further consideration, in accordance with RD Instruction 4274-D, section 4274.344(b). Applications that have been considered in less than four quarterly funding cycles will be considered again next quarter.

Any revisions in priority scoresheets that are intended for consideration in the funding cycle for the second quarter of FY 2006 must be received in the National Office **by January 31, 2006**.

(Signed by William F. Hagy III)

WILLIAM F. HAGY III
Deputy Administrator
Business Programs

January 9, 2006

SUBJECT: Rural Economic Development Loan and Grant Program
Projects Funded for First Quarter
Fiscal Year 2006

TO: State Directors, Rural Development

ATTN: Business Programs Directors

The Business Programs has announced loan and grant selections for the first quarter of fiscal year (FY) 2006 under the Rural Economic Development Loan and Grant (REDLG) Program. A listing of loan and grant awards is attached for your information.

During the first quarter of FY 2006, 28 zero-interest loan applications, totaling \$14,684,000 were considered by Business Programs for financing. Based on the availability of funds, 15 applications were selected for funding totaling \$9,786,000. These funds will be leveraged by \$28,776,071 of private and public financing and directly create 676 jobs in rural areas and help save 25 existing positions.

In addition to the loan selections, 11 grants totaling \$1,100,000, to finance revolving loan fund programs that will be operated by rural electric utilities were selected for funding. The initial zero-interest loans from the revolving loan fund programs, leveraged by \$16,177,633 in private and public financing, will provide financing to purchase new medical equipment and develop essential community facilities in rural America. An estimated 131 new jobs will be created and 351 jobs will be saved as a result of these grants.

EXPIRATION DATE:
September 30, 2006

FILING INSTRUCTIONS:
Community/Business Programs

If you have any questions, please contact the Specialty Lenders Division, Processing Branch, (202) 720-400.

(Signed by William F. Hagy III)

WILLIAM F. HAGY III
Deputy Administrator
Business Programs

Attachment (2 pages)

**RURAL ECONOMIC DEVELOPMENT LOAN AND GRANT PROGRAM
REQUEST FOR LOAN FUNDS – First Quarter FY 2006**

Total Available FY 2006	\$ 25,003,000
Less 1 st Quarter FY 2006	<u>\$ 9,786,000</u>
Balance Remaining	\$ 15,217,000

State	Project	Priority Points	Loan Amount	REDL Number
MS 53	South Mississippi Electric Power Association	312	\$ 740,000	1030
NC 51	Lumbee River Electric Membership Corporation	301	\$ 740,000	1031
MO 18	Intercounty Electric Cooperative Association	301	\$ 740,000	1032
IA 32	Butler County Rural Electric Cooperative	287	\$ 740,000	1033
KY 65	Kenergy Corporation	284	\$ 550,000	1034
MO 46	White River Valley Electric Cooperative, Inc.	281	\$ 740,000	1035
MS 53	South Mississippi Electric Power Association	274	\$ 740,000	1036
GA 45	Sumter Electric Membership Corporation	272	\$ 740,000	1037
IA 05	Glidden Rural Electric Cooperative	271	\$ 740,000	1038
TN 46	Caney Fork Electric Cooperative, Inc.	270	\$ 400,000	1039
KS 14	Sumner-Cowley Electric Cooperative, Inc.	269	\$ 558,000	1040
TN 46	Caney Fork Electric Cooperative, Inc.	268	\$ 690,000	1041
KS 57	Heartland Rural Electric Cooperative, Inc.	265	\$ 458,000	1042
TN 9	Tri-County Electric Membership Corporation	263	\$ 650,000	1043
KS 576	Blue Valley Telecommunications, Inc.	261	\$ 560,000	1044
15 Loans		Total	\$9,786,000	

Balance of Loan Funds After Above Request:	\$15,217,000
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**RURAL ECONOMIC DEVELOPMENT LOAN AND GRANT PROGRAM
REQUEST FOR GRANT FUNDS – First Quarter FY 2006**

Total Available FY 2005	\$ 10,000,000
Less 1 st Quarter FY 2006	<u>\$ 1,100,000</u>
Balance Remaining	\$ 8,900,000

State	Project	Priority Points	Grant Amount	REDG Number
IA 92	Iowa Lakes Electric Cooperative (ILEC).	262	\$ 200,000	334
IA 84	Hospers Telephone Exchange, Inc.	257	\$ 300,000	335
IA 52	Hawkeye Tri-County Rural Electric Cooperative	243	\$ 300,000	336
SC 28	Santee Electric Cooperative, Inc.	217	\$ 300,000	337
4 Grants		Total	\$1,100,000	

Balance of Grant Funds After Above Request:	\$8,900,000
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January 10, 2006

SUBJECT: Travel Teleconferences

TO: Rural Development State Directors
National Office Officials

ATTN: Administrative Program Directors
Agency/Organization Program Coordinators

The Rural Development Travel Unit will facilitate monthly teleconferences to assist Rural Development Travel Program Coordinators with travel program policies and procedures.

Participants may submit topics for discussion one week in advance of the scheduled meeting to the Travel Unit mailbox. Topics submitted will be taken into consideration to maintain consistency and effectiveness of this effort. The monthly teleconference schedule for the 2006 calendar year is:

Wednesday,	January 25, 2006	2:00 p.m. – 3:00 p.m. (EST)
Wednesday,	February 22, 2006	2:00 p.m. – 3:00 p.m. (EST)
Wednesday,	March 22, 2006	2:00 p.m. – 3:00 p.m. (EST)
Wednesday,	April 26, 2006	2:00 p.m. – 3:00 p.m. (EST)
Wednesday,	May 24, 2006	2:00 p.m. – 3:00 p.m. (EST)
Wednesday,	June 28, 2006	2:00 p.m. – 3:00 p.m. (EST)
Wednesday,	July 26, 2006	2:00 p.m. – 3:00 p.m. (EST)
Wednesday,	August 23, 2006	2:00 p.m. – 3:00 p.m. (EST)
Wednesday,	September 27, 2006	2:00 p.m. – 3:00 p.m. (EST)
Wednesday,	October 25, 2006	2:00 p.m. – 3:00 p.m. (EST)
Wednesday,	November 15, 2006	2:00 p.m. – 3:00 p.m. (EST)
Wednesday,	December 13, 2006	2:00 p.m. – 3:00 p.m. (EST)

In order to participate, you may call (800) 867-6144, Code 5558. If you experience telephone connection problems, contact the Technical Trouble line at (202) 720-8560 for assistance.

EXPIRATION DATE:
January 31, 2007

FILING INSTRUCTIONS:
Administrative/Other Programs

Travel Program Coordinators may listen to pre-recorded teleconferences, by dialing (800) 867-6144, Code 4692#, *3 and entering the file number listed below:

Thursday, September 29, 2005	File# 09292005
Thursday, October 27, 2005	File# 102705
Wednesday, November 30, 2005	File# 113005
Thursday, December 15, 2005	File# 1215052

If you have any questions, please contact one of the Travel Unit staff:
Veronica Carroll, (202) 692-0229, Irene Wofford, (202) 692-0030, or Tony Pearson,
(202) 692-0227. You may also e-mail the Travel Unit mailbox at: ssd.travel@wdc.usda.gov.

(Signed by Sherie Hinton Henry)

SHERIE HINTON HENRY
Deputy Administrator
for Operations and Management

Sent by electronic mail on 1/11/2006 at 9:50 a.m. by SSD.
State Directors and National Office Officials should distribute to other personnel as appropriate.

January 13, 2006

SUBJECT: Interest Rate Changes for Housing Programs
and Credit Sales (Nonprogram)

TO: Rural Development State Directors,
Rural Development Managers,
and Area Directors

ATTN: Rural Housing Program Director

The following interest rates, effective February 1, 2006, are changed as follows:

<u>Loan Type</u>	<u>Existing Rate</u>	<u>New Rate</u>
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ALL LOAN TYPES

Treasury Judgement Rate	4.300%	4.360%
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The new rate shown above is as of the week ending December 30, 2005. The actual judgement rate that will be used will be the rate for the calendar week preceding the date the defendant becomes liable for interest. This rate may be found by going to the Federal Reserve web site for the weekly average 1-year Constant Maturity Treasury yield (www.federalreserve.gov/releases/h15/data/wf/tcm1y.txt).

RURAL HOUSING LOANS

Rural Housing (RH) 502 Low or Moderate	5.375	5.750
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EXPIRATION DATE:
February 28, 2006

FILING INSTRUCTIONS:
Administrative/Other Programs

Single Family Housing (SFH) Nonprogram	5.875	6.250
Rural Housing Site (RH-524), Non-Self-Help	5.375	5.750
Rural Rental Housing and Rural Cooperative Housing	5.375	5.750

Please notify appropriate personnel of these rates.

(Signed by Russell T. Davis)

RUSSELL T. DAVIS
Administrator
Housing & Community Facilities Programs

Sent by Electronic Mail on 01/13/06 at 9:50 a.m. by PAD.

January 17, 2006

SUBJECT: Issue Reporting Form for FedTraveler.com

TO: All Rural Development Employees

Rural Development employees experiencing problems with FedTraveler.com are encouraged to submit an Issue Reporting Form (IRF) to report and resolve issues. The IRF and instructions are in the attached Word files. The IRF may be completed by any employee.

Submit completed forms to IRT@EDS.com and forward a copy to the Travel Unit mailbox at ssd.travel@wdc.usda.gov. Once FedTraveler.com receives a completed form, the issue will be assigned an Incident Number for tracking purposes, which will be sent to the requestor via e-mail.

To determine the status of an issue, employees may send an e-mail, with the Incident Number in the subject line, to IRT@EDS.com. If you fail to provide the Incident number, your request will be treated as a "new" request and this may result in a delay processing your issue.

For information regarding the eTravel Bridge solution, visit <http://www.nfc.usda.gov/corporate/travelbridge.htm>.

If you have any questions, please contact one of the Travel Unit staff:
Veronica Carroll, (202) 692-0229, Irene Wofford, (202) 692-0030, or Tony Pearson,
(202) 692-0227. You may also e-mail the Travel Unit mailbox at: ssd.travel@wdc.usda.gov.

(Signed by Sherie Hinton Henry) for

SHERIE HINTON HENRY
Deputy Administrator
for Operations and Management

EXPIRATION DATE:
January 31, 2007

FILING INSTRUCTIONS:
Administrative/Other Programs

Sent via electronic mail on 01/25/06 at 10:32 a.m. by SSD.

January 20, 2006

SUBJECT: Additional Instructions on New Marketing and Brand Strategy

TO: Rural Development State Directors
National Office Officials

ATTN: Administrative Program Directors

Per the Office of the Under Secretary's memorandum dated March 5, 2004, public references to the Rural Business-Cooperative Service, Rural Housing Service, Rural Utilities Service and Office of Community Development must be discontinued. All communication, except where we are required by law to use the legal agency name, must now cite Rural Development and the program area within Rural Development. These include changing the signature for the Administrators to:

Administrator
Housing and Community Facilities Programs

Administrator
Business and Cooperative Programs

Administrator
Utilities Programs

As stated above, the only items that are excluded from this change are items of a legal nature, regulations, or items prohibited because of a statute. Various documents that would be considered legal in nature may include, but are not limited to, Federal Register documents, Freedom of Information Act appeals, documents going to the Office of Management and Budget, and any document where the signature will be considered a binding legal agreement. Additionally, these agency titles are not to be used as acronyms or abbreviations. The writer may use program specific titles, such as electric program or single family housing program, in the body of the correspondence as appropriate. All titles must be spelled out throughout each document.

These agency titles will be used on all unnumbered letters and Administrative Notices as they are not legal in nature. These documents require the review of the Regulations and Paperwork Management Branch (RPMB) and documents will be returned if they do not contain the correct agency titles.

EXPIRATION DATE:
January 31, 2007

FILING INSTRUCTIONS:
Administrative/Other Programs

The new agency titles should also be used for any Congressional inquiry. These documents require the review of the Legislative and Public Affairs Staff (LAPAS).

If you have any questions regarding the use of these agency titles within unnumbered letters or Administrative Notices, please contact Jeanne Jacobs, Chief, RPMB at 202-692-0040. If you have any questions regarding the use of these agency titles within Congressional inquiries, please contact Brenda Morton, LAPAS, at 202-720-2367.

(Signed by William J. French) for

SHERIE HINTON HENRY
Deputy Administrator
for Operations and Management

Sent by electronic mail on 1/23/06 at 10:00 a.m. by SSD.
State Directors and National Office Officials will notify other personnel as appropriate.

January 23, 2006

SUBJECT: Acting State Director in New Mexico

TO: National Office Officials
Rural Development State Directors

ATTN: Administrative Program Directors

This is to inform you that Paul Gutierrez has resigned as the State Director for New Mexico. Therefore, effective January 23, 2006, I have appointed Martha Torrez, Supervisory Loan Specialist, to act as State Director until further notice.

Ms. Torrez has served as a Supervisory Loan Specialist in the New Mexico State Office since October 31, 2004.

I know I can count on your support and assistance while she is serving as Acting State Director and responsible for carrying out the mission of Rural Development in New Mexico. Ms. Martha Torrez can be reached on (505) 761-4954 or by e-mail at martha.torrez@nm.usda.gov.

(Signed by Thomas C. Dorr)

THOMAS C. DORR
Under Secretary
for Rural Development

EXPIRATION DATE:
January 31, 2007

FILING INSTRUCTIONS:
Administrative/Other Programs

Sent by electronic mail on 1/24/06 at 9:00a.m. by Human Resources. State Directors and National Office Officials should notify other personnel as appropriate.

January 24, 2006

SUBJECT: Acting State Director in New York

TO: National Office Officials
Rural Development State Directors

ATTN: Administrative Program Directors

This is to inform you that Patrick Brennan has resigned as the State Director for New York. Therefore, effective January 17, 2006, I have appointed Scott Collins to act as State Director until further notice.

Mr. Collins has served as the Assistant to the State Director for New York since June 27, 2004.

I know I can count on your support and assistance while he is serving as Acting State Director and responsible for carrying out the mission of Rural Development in New York. Mr. Scott Collins can be reached on (315) 477-6409 or by e-mail at scott.collins@ny.usda.gov

(Signed by Thomas C. Dorr)

THOMAS C. DORR
Under Secretary
for Rural Development

EXPIRATION DATE:
January 31, 2007

FILING INSTRUCTIONS:
Administrative/Other Programs

Sent by electronic mail on 1/25/2006 at 2:30 p.m. by Human Resources. State Directors and National Office Officials should notify other personnel as appropriate.

January 25, 2006

SUBJECT: Continuation of Hiring Freeze

TO: National Office Officials

On November 30, 2005, a letter was issued stating that the Rural Development organizations in Washington, DC, and St. Louis, Missouri were under a hiring freeze until December 31, 2005. The hiring freeze has now been extended until further notice.

Any Request for Personnel Action that has been announced or is in the process of being announced will be processed as usual.

We will continue to fill positions if there is a critical need. If you have a position where there is a critical need to fill, you must submit a Request for Personnel Action, Standard Form 52, and a Hiring Control. The Hiring Control will need a strong justification and must clearly identify your reasons for the exception.

Hiring Controls should be submitted through Arleen Christian, the Acting Assistant Administrator for Human Resources via fax at (202) 692-0218. Should you have any additional questions, Ms. Christian can be reached at (202) 692-0221 or via e-mail at arleen.christian@wdc.usda.gov.

(Signed by William J. French) for

SHERIE HINTON HENRY
Deputy Administrator
for Operations and Management

EXPIRATION DATE:
January 31, 2007

FILING INSTRUCTIONS:
Administrative/Other Programs

Sent by electronic mail on 1/26/06 at 7:00 a.m. by Human Resources. National Office Officials should advise other personnel as appropriate.

January 26, 2006

SUBJECT: Integrated Acquisition System Training

TO: Rural Development State Directors

ATTN: Administrative Program Directors

A memorandum is forthcoming from the Department which reaffirms that the Integrated Acquisition System (IAS) is mandatory. State Offices will be required to fund the entire expense for employees that require training in IAS in the use of the contracting module of IAS. The cost of the travel and training is estimated at \$2,102 per participant. Training for the requisition module is free and on-line for contracting personnel. The training can be found at <http://www.aglearn.usda.gov>. After logging onto Aglearn, use the "Search Catalog" feature to locate the course and then either choose "Launch" to begin the course or choose the "Add to Learning Plan" to place the course in your personal learning plan.

If you have any questions, please contact Mary Jablonski, Director, Procurement Management Division, at (202) 692-0245 or by e-mail at mary.jablonski@wdc.usda.gov.

(Signed by William J. French) for

SHERIE HINTON HENRY
Deputy Administrator
for Operations and Management

EXPIRATION DATE:
January 31, 2007

FILING INSTRUCTIONS:
Administrative/Other Programs

Sent by electronic mail on 1/30/06 at 8:45 a.m. by PAS.
State Directors should notify other personnel as appropriate.

January 27, 2006

TO: State Directors
Rural Development

ATTN: Multi-Family Housing Program Directors

FROM: Russell T. Davis (*Signed by James C. Alsop*) for
Administrator
Housing and Community Facilities Programs

SUBJECT: Implementation of Mandatory Use of the Management
Agent Interactive Network Connection (MINC) System

This memorandum is to provide additional guidance for the implementation of the mandatory use of the Management Agent Interactive Network Connection (MINC) System for Multi-Family Housing (MFH) borrowers.

Effective February 24, 2005, the requirements of 7 CFR part 3560 were implemented. 7 CFR 3560.102 (1) states, "Electronic Submission of Data to Agency." For properties with eight or more housing units, the Agency may specify that borrowers submit information required by this part electronically."

HB-2-3560, Chapter 6, paragraph 6.29 B states, "Within 12 months of the date of publication of the interim final regulation, for projects with eight units or more, all borrowers will be required to submit tenant certifications through MINC." The citation in HB-3-3560, Chapter 4, paragraph 4.11 C. is incorrect. The citation should read "...fewer than eight units..." and not "...eight units or more."

Therefore, effective February 24, 2006, all MFH borrowers with eight units or more must submit their tenant certifications through the MINC system. However, this is not a requirement for On-Farm Labor Housing borrowers. The borrowers may use one of two options for submitting their tenant certifications through MINC: either purchase vendor software or submit data directly into the MINC web site. For information regarding the MINC system, see <https://usdaminc.sc.egov.usda.gov>.

If a borrower with eight units or more submits tenant certifications through the mail beginning February 24, 2006, the Servicing Office will return the tenant certifications without processing the information. Failure to submit certifications in accordance with the regulation will result in a non-compliance finding.

EXPIRATION DATE: March 31, 2006

FILING INSTRUCTIONS:
Housing Programs

HB-2-3560, Chapter 6, paragraph 6.29 B states, “The Agency may make an exception to this requirement if the borrower submits documentation that the costs associated with electronic submission of tenant certifications would pose a financial hardship to the project.”

At this time, the electronic submission is only regarding tenant certifications. As stated in the March 2, 2005, unnumbered letter titled, “7 CFR Part 3560, Multi-Family Housing Programs Transition Issues”: “Automated submissions for the Budget and Balance Sheet forms will begin with the 2007 proposed budget and the 2006 actual balance sheet and budget submissions.”

If you have any questions, please contact either Susie Turner at 202-720-1060 or Janet Stouder at 202-720-9728.

January 31, 2006

SUBJECT: Rural Economic Development Loan and Grant Program
Authority for State Offices

TO: State Directors, Rural Development

ATTN: Business Programs Directors

PURPOSE:

Authority to manage the Rural Economic Development Loan and Grant (REDLG) Program was transferred to the Rural Development State Offices. This memorandum updates the State Office responsibilities outlined in prior annual delegation memoranda.

RESPONSIBILITIES:

Pre-Award Activities:

1. The State Office will receive REDLG applications, ensure their completeness, and process them to the point of approval.
2. The State Office will be responsible for the civil rights and environmental reviews of the project in accordance with RD Instruction 1901-E and 1940-G, respectively. These reviews must be concluded on all applications **prior** to submission to the National Office.
3. Selection for funding will occur quarterly, as set forth in RD Instruction 1940-L. For consideration in any quarterly funding cycle, the Application Analysis and Project Evaluation Summary, also referred to as the score sheet, must be received in the National Office by the last business day of the first month of the quarter for which they are competing for an allocation of funds. Please refer to

EXPIRATION DATE:
January 31, 2007

FILING INSTRUCTIONS:
Community/Business Programs

RD Instruction 1940-L for specific filing date deadlines. Selection for funding will continue to be on a national competitive basis. **The complete case file will not need to accompany funding requests submitted to the National Office.**

4. The State Office will recommend selection for funding for each forwarded project through the Application Analysis and Project Evaluation Summary, based on written documentation. The documentation will discuss the merits of the project and the justification of scoring. Because this is a national competition for funding, the score sheets will be reviewed in the National Office, and scoring will be adjusted if necessary. The State Offices will be notified of any changes in scores.
5. Upon successful competition and selection of applications for funding by the Business-Cooperative Service (RBS) Administrator, the National Office will provide written notification of selection to the State Director. The State Office will take the appropriate action to obligate funds for the project using the Guaranteed Loan System (GLS) and provide written selection notification to the applicant. The State Office will prepare Form RD 1940-1, "Request for Obligation of Funds," for the project file. Form RD 1940-1 will not be sent to the Rural Utilities Service (RUS) borrower for execution. The National Office will also notify the State Office of applications that were not selected for funding. The State Office will notify the non-selected applicants accordingly.
6. As a reminder for obligation purposes, the fund codes (FC) and type of assistance (TOA) codes assigned for REDLG electric and telephone loans and grants are as follows:

<i>LOANS</i>	<i>GRANTS</i>			
	<u>Fund Code</u>	<u>TOA</u>	<u>Fund Code</u>	<u>TOA</u>
Electric	58	227	00	229
Telephone	59	228	00	230

Post-Award Activities:

1. Within 45 days after selection for funding, the State Office will prepare the loan and grant documents (Letter of Agreement, Loan or Grant Agreement, Promissory Note, Sample Opinion of Counsel) following the same formats previously provided to State Offices. Regional Attorney's review of the loan and grant

documents are required prior to execution of the documents by the State Director. The State Director should discuss this legal review option with the local Office of the General Counsel (OGC). If the State Director and OGC agree, then standardized loan and grant legal documents can be approved in general form by OGC and completed thereafter without OGC review (assuming there are no personnel changes in the individual responsible for reviewing these documents, there are no form changes, and the State Office has no questions). Otherwise, OGC should review the legal documents for legal sufficiency for each transaction.

2. The State Office will review draft third-party documents between the RUS borrower and its ultimate recipient and prepare a written response to the RUS borrower. At the discretion of the State Director, third-party documents may be submitted to the Regional Attorney for review prior to approval by the State Director. If review of the third-party documents is not performed by the Regional Attorney, it will be the responsibility of the State Director to ensure that adequate document review is performed by the State Office to ensure compliance with the REDLG policy.
3. The State Office will review and approve all other documentation required by the Letter of Agreement prior to advancing loan or grant funds.
4. For grant awardees, the State Office will review and approve Rural Development plans submitted by the RUS borrower. The State Office will ensure that, prior to the advance of grant funds, the State Office has obtained a certified resolution from the Board of Directors showing adoption by the RUS borrower of the RBS approved Rural Development plan.
5. State Directors will approve the disbursement of loan funds to the RUS borrower only after the Promissory Note and Loan Agreement between RBS and the RUS borrower are executed and all other pre-disbursement conditions of the Letter of Agreement have been fully satisfied. The State Office will ensure that a Loan Closing Information Memorandum and a copy of the executed Promissory Note between RBS and the RUS borrower are provided to the Finance Office, Direct Loan and Grant Branch, RUS Loan Servicing Team, FC 340, for each loan on which funds are advanced. Prominently mark the Promissory Note with the "REDLG" loan number in the top right corner and with the RUS borrower ID number in the top left corner. State Directors will approve the disbursement of grant funds only after the grant agreement between RBS and the RUS borrower is executed and all other pre-disbursement conditions of the Letter of Agreement have been fully satisfied.

6. The State Director has the authority to de-obligate or cancel loans or grants, in whole or in part. The State Office will process the de-obligation or cancellation using GLS Transaction Code 1D. A copy of a signed Form RD 1940-10, "Cancellation of U.S. Treasury Check and/or Obligation," is to be sent under cover letter to the Finance Office, Direct Loan and Grant Branch, FC 340, and to the RBS, Specialty Lenders Division, STOP 3225.

Servicing Activities:

1. The State Director is delegated all loan and grant servicing authority, except in those situations where there will likely be a loss to the Government or otherwise stated in this memorandum. In such cases, servicing actions must be approved by the National Office.
2. In connection with approved REDLG projects, any proposed assumption or transfer of third-party debt from one RUS borrower to another requires prior written approval of the National Office.
3. The State Office will conduct a monthly review of RUS borrowers loan payment status and make contact with those borrowers who have not submitted payments as required. A delinquency report is provided monthly by the Finance Office, Director Loan and Grant Branch, RUS Loan Servicing Team. State Offices are responsible for working with borrowers to resolve any delinquent accounts. State Offices are also responsible for working with borrowers to ensure that all borrowers are making loan payments using the automated clearinghouse customer initiated payment (ACH-CIP) electronic funds transfer system.
4. Post-construction reviews will be conducted in a timely manner by State Office personnel to verify that loan or grant funds were used for authorized purposes in accordance with appropriate regulations, the loan or grant agreement, and any other conditions imposed by RBS. For loans and grants, State Office personnel shall conduct post-construction reviews within **1 year** after completion of project construction. Further, for those RUS borrowers operating revolving loan fund programs funded with grant funds, State Office personnel will conduct reviews of the RUS borrower every **3 years** to verify that the RUS borrower is operating the revolving loan fund in accordance with its RBS-approved Rural Development plan.
5. The State Office will ensure that the GLS or other authorized RBS tracking system is kept current to reflect data on RUS borrower applications while in the application, processing, award, and construction stages.

6. Upon award of a loan and/or grant, all applicable data fields for the application will be updated as to the amount and obligation date, as well as ultimate recipient information, specifically total project costs, approved purposes, projected job creation or retention, and leveraged dollar amounts. As the ultimate recipient project is completed and a site review is performed, the State Office will update project data contained in GLS. The State Office is responsible for ensuring accuracy and consistency of all GLS data.
7. Civil rights compliance reviews of active RUS borrowers will be conducted by RUS general field representatives. Copies of civil rights compliance review findings will periodically be provided to State Offices by the National Office, Specialty Lenders Division, for review and filing in REDLG project files. The State Offices will be responsible for conducting the civil rights compliance reviews of those REDLG borrowers that have satisfied their indebtedness to RUS and are no longer affiliated with RUS. Civil rights compliance reviews will be conducted in accordance with the applicable RD Instruction 1901-E, section 1901.204(b)(1) or 204(b)(2). (See Item 9.)
8. The RUS accounting staff will provide any notification of findings concerning REDLG projects as a result of the annual RUS review of the Certified Public Accountant (CPA) audits of the RUS borrowers to the RBS National Office, Attention: Director, SLD. Any findings will be forwarded to the appropriate State Office for review and servicing consideration. For those utilities that have satisfied their indebtedness to RUS but have outstanding REDLG loans and grants, it is the responsibility of the State Office to ensure that the utility provides them with a copy of its annual CPA audit. The State Office is to review the audit and take appropriate servicing action concerning issues raised by the auditor. (See Item 9.)
9. The State Offices will be provided with a listing of RUS borrowers indicating eligibility to participate in the REDLG program. The borrowers that have prepaid are indicated with a "Y" in the Prepaid Indicator column. The borrowers that have satisfied their indebtedness to RUS and are no longer affiliated with RUS are indicated with an "N" in the Prepaid Indicator column. These borrowers are ineligible to participate in the REDLG program.

State Directors may assign or delegate the responsibilities set forth in this memorandum in any manner that will be most effective for REDLG program delivery with the State.

Please feel free to contact RBS Specialty Lenders Division, (202) 720-1400, if you have questions concerning the issues discussed in this memorandum.

(Signed by Jackie J. Gleason)

JACKIE J. GLEASON

Acting Administrator

Business and Cooperative Programs